

## Message Text

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INFO OCT-01 ISO-00 AGR-05 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 TRSE-00 OMB-01 COME-00 EB-07 LAB-04 SIL-01

/077 W

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R 161546Z MAR 76

FM AMEMBASSY OSLO

TO SECSTATE WASHDC 1320

INFO AMEMBASSY BONN

AMEMBASSY COPENHAGEN

AMEMBASSY LONDON

AMEMBASSY STOCKHOLM

USMISSION NATO

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E.O. 11652: N/A

TAGS: EGEN, ELAB, EAGR, PINT, NO

SUBJ: FARMERS' DEMANDS COMPLICATE NORWAY'S NATIONAL INCOMES  
NEGOTIATIONS--GOVERNMENT CRISIS POSSIBLE BUT NOT LIKELY

REF: (A) OSLO 3954, (B) 75 OSLO A-3, (C) OSLO A-31

SUMMARY: HIGH FARMERS' DEMANDS ARE COMPLICATING NORWAY'S  
COORDINATED NATIONAL INCOMES NEGOTIATIONS THIS SPRING.

IF NO CONSENSUS CAN BE REACHED IN THE NEGOTIATIONS,  
A GOVERNMENT CRISIS COULD OCCUR WHEN THE GOVERNMENT  
PRESENT THE ISSUE TO THE STORTING FOR RESOLUTION.

SUCH A CRISIS IS NOT LIKELY, HOWEVER. NON-SOCIALIST  
OPPOSITION POLITICIANS DO NOT WANT TO ASSUME GOVERN-  
MENTAL RESPONSIBILITY FOR RESOLVING AN IMPASSE IN THE  
NEGOTIATIONS. MOREOVER, A GOVERNMENT FORMED BY THE  
NON-SOCIALIST MINORITY COULD BE VOTED OUT AGAIN ANY  
TIME. AN EVENTUAL COMPROMISE FARM AND GENERAL INCOMES

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SETTLEMENT IS EXPECTED. IT MAY TAKE LONGER

THAN THE APRIL 1 TARGET DATE, BUT SHOULD BE WRAPPED  
UP IN TIME FOR THE EASTER HOLIDAYS. END SUMMARY

1. NORWAY IS CARRYING ITS COORDINATED NATIONAL INCOMES  
BARGAINING SYSTEM (REF B) ONE STEP FURTHER THIS SPRING.  
THE EMPLOYERS' ASSOCIATION (NAF) AND TRADE UNION  
FEDERATION (LO) ARE RENEGOTIATING THEIR TWO-YEAR  
NATIONAL WAGE AGREEMENT SIMULTANEOUSLY AND IN COOR-  
DINATION WITH PRICE-SUBSIDY-INCOMES NEGOTIATIONS  
BETWEEN FARMERS' ORGANIZATIONS AND GOVERNMENT AND  
PUBLIC SECTOR WAGE AND SALARY NEGOTIATIONS. AS IN  
LAST FALL'S COST-OF-LIVING ADJUSTMENT NEGOTIATIONS  
(REF A), THE GOVERNMENT IS OFFERING TAX REDUCTIONS  
AND CONSUMER PRICE SYBSIDIES IN EXCHANGE FOR REDUCED  
DEMANDS BY LO AND FARM ORGANIZATIONS. MANY ELEMENTS  
OF THE COMBINED RESULTS WILL NEED PARLIAMENTARY AP-  
PROVAL OR IMPLEMENTATION, ONCE THE PARTIES HAVE AGREED.

2. THE LABOR GOVERNMENT, PARTY AND LO ARE COOPERATING  
IN THIS COMPLEX APPROACH IN ORDER TO (A) RAISE WORKERS'  
REAL DISPOSABLE INCOMES BY 3 PERCENT, (B) RESTRAIN  
INFLATION TO 9 PERCENT TO KEEP NORWEGIAN EXPORTS  
COMPETITIVE AND PRESERVE JOBS, AND (C) RESPOND TO  
POPULAR IRRITATION AT TAXES. NO'S WAGE DEMANDS WERE  
CALCULATED TO FIT THIS PATTERN.

3. FARMERS' DEMANDS WERE MUCH HIGHER--TWICE WHAT THEY  
ASKED TWO YEARS AGO--AND CAME AS A UNACCEPTABLE  
SHOCK TO THE LO, NAF AND GOVERNMENT. FARMRS'  
BARGAINING POSITION IS UNUSUALLY STRONG NOW AND THEY  
FEEL THEY MUST USE IT BEFORE PARLIAMENTARY ELECTIONS  
NEXT YEAR. IN DECEMBER THE STORTING RESOLVED THAT  
FARMERS' INCOMES SHOULD BE BROUGHT UP TO FULL PARITY  
WITH WORKERS' INCOMES WITHIN SIX YEARS. SUBSIDIES  
AND MEASURES TO GIVE FARMERS INCOMES AND SOCIAL  
BENEFITS LIKE OTHERS IN SOCIETY HAVE LONG BEEN GENERALLY  
ACCEPTED POLICY (A) FOR EQUITY, (B) TO MAKE NORWAY  
MORE SELF-SUFFICIENT IN FOOD AND (C) TO MAINTAIN  
POPULATION IN OUTLYING AREAS FOR STRATEGIC, SOCIAL  
AND ECOLOGICAL REASONS. THE STORTING, HOWEVER,  
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HAS NEVE BEFORE SET A PRECISE TIMETABLE. FARMERS  
SAY THEIR DEMANDS WOULD CLOSE ONE-FOURTH TO ONE-  
THIRD OF THE FARMER-WORKER INCOME GAP.

4. THE GOVERNMENT'S PACKAGE MARCH 2 OFFERED FARMERS  
ABOUT HALF WHAT THEY ASKED, BUT THE GOVERNMENT CLAIMED  
IT WOULD PROVIDE OVER 12 PERCENT REAL DISPOSABLE  
INCOME AND REDUCE FARMER-WORKER INCOME GAP BY ONE-

FIFTH TO ONE-FOURTH. MOST CUTS WERE MADE IN FARMERS' REQUESTS FOR MONEY FOR SOCIAL SERVICES (PARTICULARLY TO PAY SUBSTITUTES DURING HOLIDAYS, VACATIONS AND SICKNESS). ALL PARTIES ACCEPTED THE PACKAGE AS A BASIS FOR FURTHER NEGOTIATIONS AND FARMERS HAVE NOW PRESENTED NEW, SLIGHTLY LOWER, DEMANDS. FARMERS AND GOVERNMENT ARE STILL FAR APART, BUT OPTIMISM FOR A SETTLEMENT HAS INCREASED. MEANWHILE, NAF REJECTED LO'S DEMANDS AS TOO INFLATIONARY AND MEDIATION WILL BEGIN SHORTLY. NAF MAY BE HOLDING OUT FOR TAX AND OTHER RELIEF FOR INDUSTRY.

5. IF NEGOTIATIONS FAIL, THE STORTING WILL HAVE TO RESOLVE THE IMPASSE. PARLIAMENTARY FIREWORKS WILL BE LIKELY AND THE THREAT OF A GOVERNMENT CRISIS WILL HANG IN THE AIR. LABOR'S MINORITY GOVERNMENT WILL FALL IF ALL FOUR MAJOR OPPOSITION PARTIES COMBINE TO VOTE AGAINST LABOR. ON LABOR'S LEFTN THE SOCIALIST LEFT PARTY (SV) CONSISTANTLY OPPOSES COMPULSORY ARBITRATION AND SUPPORTS FARMERS' INCOME DEMANDS, AND WOULD PROBABLY VOTE AGAINST THE GOVERNMENT. THE THREE MAJOR NON-SOCIALIST OPPOSITION PARTIES ARE EXPLORING POSSIBILITIES FOR A COALITION GOVERNMENT AFTER THE 1977 PARLIAMENTARY ELECTIONS ANE WILL WANT TO SHOW THEY CAN COOPERATE ON THIS ISSUE, WHICH MIGHT LEAD THEM TO VOTE TOGETHER AGAINST THE GOVERNMENT.

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INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

AGR-05 COME-00 EB-07 LAB-04 SIL-01 TRSE-00 /077 W

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6. ALL FOUR PARTIES HAVE STRONG REASONS FOR VOTING AGAINST LABOR, BUT MOST OF THEM HAVE EVEN STRONGER REASONS FOR AVOIDING A CRISIS. THE PRO-BUSINESS CONSERVATIVE PARTY IS PARTICULARLY EAGER FOR A NON-SOCIALIST COALITION. ALTHOUGH THE CONSERVATIVES NORMALLY FAVOR COMPULSORY ARBITRATION AND NON-INFLATIONARY FARM SETTLEMENTS, THEY WOULD BE EXTREMELY RELUCTANT TO OPPOSE THE FARMERS AND SPLIT THE NON-SOCIALIST FRONT THIS TIME. LEADING CONSERVATIVE POLITICIANS HAVE TOLD EMBASSY OFFICERS THEY WILL DO ALL THEY CAN TO ENCOURAGE A SETTLEMENT AND AVOID BRINGING DOWN THE LABOR GOVERNMENT ON THIS ISSUE. THEY FEAR THAT A NON-SOCIALIST GOVERNMENT FORMED AFTER OR COMMITTED TO A DISPROPORTIONATELY HIGH FARM SETTLEMENT WOULD FACE A NATIONWIDE STRIKE BY LO.

7 THE CENTER PARTY MUST ZEALOUSLY DEFEND ITS FARM CONSTITUENCY'S INTERESTS. BOTH IT AND THE CHRISTIAN PEOPLE'S PARTY WANT TO MAKE AS MUCH POLITICAL CAPITAL OUT OF LABOR'S DIFFICULTIES AS THEY CAN, AND, AT THE LIMITED OFFICIAL USE

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SAME TIME, SHOW THEY WON'T SELL OUT THE FARMERS AND KOWTOW TO THE CONSERVATIVES IN ANY FUTURE NON-SOCIALIST COOPERATION. HOWEVER, LIKE THE CONSERVATIVES, THEY DO NOT WANT TO ASSUME GOVERNMENTAL RESPONSIBILITY AND FACE NEGOTIATIONS WITH AN ANGRY LO, WHICH WOULD CERTAINLY DEMAND COMPENSATION FOR AN EXAGGERATED FARM SETTLEMENT AND WOULD HAVE MUCH LESS CONFIDENCE IN A NON-SOCIALIST GOVERNMENT AND ITS OFFERS. FURTHERMORE, A NON-SOCIALIST GOVERNMENT WOULD FALL WHENEVER BOTH LABOR AND SV VOTED AGAINST IT.

8. THUS THE COORDINATED INCOMES NEGOTIATIONS NOW UNDERWAY WILL PROBABLY BE LONG AND DIFFICULT. PARLIAMENTARY FIREWORKS COULD ENSURE, AND THREATEN A GOVERNMENT CRISIS. NONETHELESS, E BELIEVE THE ISSUES WILL ULTIMATELY BE RESOLVED SATISFACTORILY AND NO CRISIS WILL OCCUR.  
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## Message Attributes

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